

GOVERNMENT OF ANHRA PRADESH
ABSTRACT

Guarantee Redemption Fund-Amendment to certain clauses-Orders issued-Reg.

FINANCE (DCM.I) DEPARTMENT

G.O.Ms.No: 71

Dated: 24-03-2014
Read the following

- 1. G.O.Ms.No.6, Finance (W&M) Dept, dt:03-01-2002.
- 2. D.O.I.D.M.D.No.1403/10.03.13/2013-14, dt:06-11-2013.

In the reference 1st read above, orders were issued for creating of Guarantee Redemption Fund to meet invocation obligation pertaining to guarantees issued by Government of Andhra Pradesh in respect of bonds issued and other borrowings made by State Level Undertakings and other bodies.

2 In the reference 2nd read above, the Principal Chief General Manager, Reserve Bank of India, Mumbai communicated the recommendations of the Committee on Guarantee Redemption Fund which constituted in the 26th Conference of the State Finance Secretaries held in May 2013, and advised to issue a Gazette Notification incorporating the amendments in the existing scheme of Guarantee Redemption Fund.

3 Government after careful examination of the matter decided to accept the advice of the RBI and here by amend the existing clauses of Guarantee Redemption Fund as follows:

AMENDMENT

Clauses	Existing Scheme	Revised Scheme
Amendment 1 of Clause 5	<p>(a) The fund shall be set up by the Government with an initial contribution which determined on the basis of guarantees during the preceding 3 to 5 years. The balance in the fund shall be increased with contributions made annually or at lesser intervals, so as to reach the level deemed sufficient to meet the amount of anticipated guarantees devolving on the Government as a result of the likely invocation of outstanding guarantees in succeeding 5 years.</p> <p>(b)During each year the Government shall contribute an amount equivalent at least to 1/5th of the outstanding invoked guarantees plus an amount of likely to be invoked as result of the incremental guarantees issued during the year.</p>	<p>(a)The fund shall be set up by the Government with an initial contribution of minimum one percent of outstanding guarantees at the end of previous year and thereafter minimum 0.5 percent every year to achieve a minimum level of 3 percent in next five years. The fund shall be gradually increased to a desirable level of 5 percent. If guarantees have been invoked or likely to be invoked, additional funds (over and above 5%) shall be maintained.</p> <p>(b) It is open to Government to increase the contributions to the fund (beyond 0.5 percent annual) at its discretion and also based on its assessment of likely invocation of guarantees. The balance in the fund shall be increased with contributions made annually or at lesser intervals.</p>
Amendment 2 of clause 8	<p>The accretions to the fund shall be invested in Government of India Securities of such maturities as the bank may determine from time to time in consultation with Government. The Bank shall make available the securities for investment either from its own investment portfolio or by acquiring the securities from secondary Market, without loading any charges other than that indicated in paragraph 11 of the guidelines.</p>	<p>The accretions to the fund shall be invested in Government of India Dated Securities, Treasury bills, Special Securities, of the GoI and State Development loans of Other States of such maturities as the bank may determine from time to time in consultation with Government. The Bank shall make available the securities for investment either from its own investment portfolio or by acquiring the securities from secondary Market, without loading any charges other than that indicated in paragraph 11 of the guidelines.</p>
Amendment 3 of clause 10	<p>The withdrawals may be made from out of the balance accumulated in the fund up to the date towards the redemption of the guarantees invoked and to be paid by the Government, as per its directions.</p>	<p>The withdrawals may be made from out of the balance accumulated in the fund up to the date towards the redemption of the guarantees invoked and to be paid by the Government, as per its directions or Government shall have the option to withdraw excess fund over 5 percent of outstanding guarantees of the previous year.</p>

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJEYA KALLAM
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Accountant General(A&E), A.P., Hyderabad.
The Director of Treasuries and Accounts, A.P., Hyderabad.
Copy to:
Reserve Bank of India, Central Office, Internal Debt Management Cell, Mumbai
Reserve Bank of India, Central Accounts Section, Nagapur.
Reserve Bank of India, Saifabad, Hyderabad
SF/SC.